

Colorpak Limited
Half-Year Condensed Financial Report
31 December 2011

Colorpak Limited

Directors' Report

Your directors submit their report for the half-year ended 31 December 2011.

Directors

The names of the company's directors in office during the half-year and until the date of this report are as below.

Geoff Willis (Non-executive Chairman)

Alex Commins (Managing Director)

Paul Commins

Bronwyn Constance

David Heaney

Ian Wightwick

Directors were in office for this entire period unless otherwise stated.

Review and Results of Operations

Financial Performance

Colorpak's six months to 31 December 2011 produced revenues from sale of goods and services of \$104,100,000, 139.4% up on the corresponding prior comparable period ("pcp") of \$43,491,000. This large uplift follows inclusion of a full six months trading of the acquired Carter Holt Harvey's (CHH) folding carton operations in Australia and New Zealand.

Colorpak's financial performance in the first six months has been significantly impacted by the restructure activities necessary to improve returns on the acquired CHH business, which are separately detailed below. The financial performance has also been adversely impacted by factory costs that have necessarily arisen as a consequence of the Reservoir site closure and transfer of business to the other two Victorian sites, as well as load balancing across the group's sites in general. Additional factory costs could not be separated and all form part of the result for the six months.

The company's reported NPAT was a loss of \$2,230,000 (2010: profit of \$2,810,000). This result includes a total of \$9,972,000 of significant costs (2010: \$1,393,000) considered to be of a one-off nature that have arisen from the restructure of the company's operations, along with further business combination costs, in relation to the CHH acquisition from last year. An analysis of these costs is set-out in note 4.

A meaningful result that presents a true and fair view of the company's ongoing trading operations, which has been termed "underlying net profit", can only be determined after exclusion of these restructuring and business combination costs that are affecting both the 2011 and 2012 financial years. The underlying net profit after tax from continuing operations for the six months increased by 25.5% to \$4,750,000, the highest six monthly profit in the company's history.

	2011		2010	
	NPBT	NPAT	NPBT	NPAT
	\$000's	\$000's	\$000's	\$000's
2011				
Reported result	(3,152)	(2,230)	4,040	2,810
Restructuring and business combination costs	(9,972)	(6,980)	(1,393)	(975)
Underlying result	<u>6,820</u>	<u>4,750</u>	<u>5,433</u>	<u>3,785</u>

The numbers in the table above have been audited.

Colorpak Limited Directors' Report

EBITDA margins, as measured against sale of goods and after exclusion of restructuring and business combination costs, fell from 18.4% to 10.1%, reflective of the lower margin business acquired. Finance costs were up because of the higher debt and depreciation were higher with the inclusion of the acquired fixed assets.

The increase in revenue and the company's improved operating profit (excluding restructuring and business combination costs) raised EPS on the underlying result to 5.83 cents per share, an increase of 1.17 cents on the prior year. Reported EPS (after restructuring and business combination costs) was -2.73 cents per share. This level of profitability is considered to be another solid achievement in the face of cost and competitive pressures in the current economic environment.

Cash Flow and Debt

Cash generation from operations for the half, before restructuring and business combination costs, saw an inflow of \$8,131,000, up \$2,499,000 on the pcp. Costs associated with the restructure of the company's operations, principally the closure of the Reservoir site, as well as ongoing costs associated with integrating the business acquired in 2011 amounted to an outflow of \$9,777,000, reducing aggregate cash from operations to an outflow of \$1,646,000. Cash flows were adversely impacted by \$1,900,000 of customer receipts that were due but not paid until the first couple of days of January because of the holiday period.

The company incurred capital expenditure, net of proceeds on disposal of assets, of \$1,948,000 for the half, with the total for 2012 expected to be below \$5,000,000. The company also paid \$4,380,000 in settlement under the acquisition agreement for the Carter Holt Harvey businesses as a result of higher working capital at the date of acquisition. Cash from operations for the half included a net reduction in core working capital (excluding movements due to the CHH payment and property provisions) of \$3,735,000 that largely offset the CHH payment.

Debt, net of cash at bank, increased from \$34,186,000 to \$43,587,000 as a result of the restructuring and business combination costs, although as noted earlier, had customers paid in accordance with their normal practice, the debt level would have been below \$42,000,000. The company remains conservatively geared with gearing of 38.6% and maintains adequate cash reserves and undrawn bank credit limits to meet its expected working capital and capital expenditure requirements for the foreseeable future.

Operating Activities

The first half of 2012 has commenced with a solid start. The acquired distressed assets of CHH Folding Cartons division have now been in the company's hands for nine months. The integration team has worked tirelessly during the period to meticulously plan and execute a series of activities that will build the foundation of returning those assets to profitability.

To that extent, the manufacturing operations in Reservoir, Victoria have been closed and the people, work and machinery have been consolidated within our existing and acquired sites at Braeside and Mt Waverley, Victoria.

Of the ninety-nine positions at the Reservoir site, sixty-six positions were required at the alternate Victorian sites and employees who were unable to transfer across due to personal reasons or lack of a suitable role were paid their full entitlements.

At the group's head office location in Braeside, new sites have been leased immediately adjacent on both sides of the main factory to accommodate the expanded enterprise post the Reservoir closure. Whilst this major part of the integration is well underway, it still has around six months until it could be called complete.

The legacy Colorpak business performed very well and the team has maintained a focus and dedication that has enabled the smooth integration of activities to proceed.

Colorpak Limited Directors' Report

In Auckland, the Management Information System change from SAP to the company's core system, Optimus has been successfully completed. Initiatives such as reduction in outside storage, automation of in-plant logistics and exit from commercially unsustainable supply arrangements have all contributed to the solid result.

Similarly in NSW, cost out and streamlining activities have also made inroads to building back the acquired assets to where they should be, with further work to be undertaken in the second half of 2012.

Upgrades to the company's core Management Information System platform at Mt Waverley and Villawood will follow over the coming six to nine months.

The Paper Cup forming division is performing very well and has now been operating for seven months. Many of the early teething problems associated with such a start-up have been resolved, and each week sees steady volume progression. The opportunity pipeline for this new segment remains robust.

Customers are pleased with progress and we have seen the re-signing of a number of major customers. Competition remains solid which has resulted in the slippage of some business, although this remains within normal levels experienced in a competitive market.

Staff, both existing and new, have been professional, enthusiastic and patient in what has been a most challenging period of the company's history. Focus on safety remains high and the company's safety record has remained well intact. Industrial harmony has been very good and in the past six months, four EBA's have been negotiated and executed without incident – a credit to the team.

Dividend

The company will maintain its interim dividend at 1.50 cents per share, fully franked, which will be paid on 2 April 2012 and expects to announce its fully franked final dividend later in the year. This raises the dividend paid in the 12 month period to 31 December 2011 to 3.25 cents per share, fully franked.

Outlook

The 2nd six months will continue to be heavily focussed on integration activities across the business and we will be driving for efficiencies from each production facility, including balancing of capacity between sites, in order to achieve optimal financial results.

The CHH acquisition has increased the company's exposure to seasonality with the first half now stronger than the second.

The underlying results of the business continue to track well.

Rounding

The amounts contained in this report and in the half-year financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the company under ASIC Class Order 98/0100. The company is an entity to which the Class Order applies.

Colorpak Limited
Directors' Report

Auditor's Independence Declaration

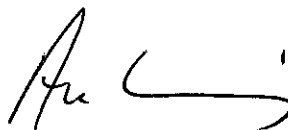
We have obtained an independence declaration from our auditors, Ernst & Young, which is attached at page 5 of this report.

This report has been made in accordance with a resolution of directors.



G.L. Willis
Chairman

Braeside
24 February 2012



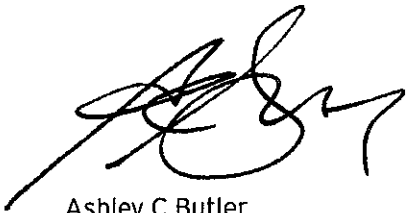
A. Commins
Managing Director

Auditor's Independence Declaration to the Directors of Colorpak Ltd

In relation to our audit of the financial report of Colorpak Ltd for the half-year ended 31 December 2011, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.



Ernst & Young



Ashley C Butler
Partner

Melbourne
24 February 2012

Colorpak Limited
Statement of Comprehensive Income
for the half-year ended 31 December 2011

	Notes	2011 \$000	2010 \$000
Revenue	4	106,130	43,919
Changes in inventories of finished goods and work in progress		(1,875)	(22)
Raw materials and consumables used		(45,279)	(18,552)
Employee benefits expense		(31,981)	(12,303)
Depreciation and amortisation		(1,976)	(1,414)
Occupancy costs		(4,383)	(1,409)
Factory operating expense		(9,009)	(2,837)
Other expenses		(3,069)	(810)
Profit before tax, restructuring, business combination and finance costs		8,558	6,572
Finance costs	4	(1,738)	(1,139)
Profit before income tax, restructuring and business combination costs		6,820	5,433
Restructuring and business combination costs:			
Restructuring and integration costs	4	(9,761)	(397)
Business combination costs	4	(211)	(996)
Restructuring and business combination costs		(9,972)	(1,393)
(Loss) / Profit before income tax		(3,152)	4,040
Income tax expense from continuing operations		(2,070)	(1,648)
Income tax benefit on restructuring and business combination costs		2,992	418
Total income tax benefit / (expense)		922	(1,230)
Net (loss) / profit for the period		(2,230)	2,810
Other comprehensive income			
Cash flow hedges:			
Gain / (loss) taken to equity		(306)	193
Income tax benefit / (expense) on items of other comprehensive income		92	(58)
Foreign currency translation		36	-
Other comprehensive income for the period, net of tax		(178)	135
Total comprehensive (loss) / income for the period		(2,408)	2,945
Earnings per share (cents per share)			
- basic and diluted for profit for the period attributable to ordinary equity holders of the company		(2.73)	3.46

Colorpak Limited
Statement of Financial Position as at 31 December 2011

	As at 31 December 2011 \$000	As at 30 June 2011 \$000
ASSETS		
Current Assets		
Cash and cash equivalents	5	5
Trade and other receivables	35,223	38,221
Inventories	29,521	30,480
Income tax receivable	642	-
Other current assets	1,395	1,808
Total Current Assets	66,786	70,514
Non-current Assets		
Property, plant and equipment	40,895	40,582
Goodwill	46,134	46,134
Deferred income tax asset	3,772	3,835
Total Non-current Assets	90,801	90,551
TOTAL ASSETS	157,587	161,065
LIABILITIES		
Current Liabilities		
Trade and other payables	19,870	25,403
Interest-bearing loans and borrowings	2,442	3,178
Income tax payable	-	1,775
Provisions	13,474	11,673
Derivative financial instruments	273	170
Total Current Liabilities	36,059	42,199
Non-current Liabilities		
Interest-bearing loans and borrowings	41,145	31,008
Deferred income tax liabilities	-	-
Provisions	10,429	14,271
Derivative financial instruments	514	312
Total Non-current Liabilities	52,088	45,591
TOTAL LIABILITIES	88,147	87,790
NET ASSETS	69,440	73,275
EQUITY		
Contributed equity	39,484	39,484
Retained profits	30,563	34,220
Cash Flow Hedge Reserve	6 (607)	(429)
TOTAL EQUITY	69,440	73,275

Colorpak Limited
Statement of Cash Flow
for the half-year ended 31 December 2011

	Notes	2011 \$000 Inflows/(Outflows)	2010 \$000 Inflows/(Outflows)
Cash flows from operating activities			
Receipts from customers		119,526	47,140
Payments to suppliers and employees		(108,337)	(39,131)
Interest received		29	19
Income taxes paid		(1,349)	(1,264)
Finance costs		(1,738)	(1,132)
Net cash flows from operating activities (before restructuring and business combination costs)		8,131	5,632
Restructuring and business combination costs		(9,777)	(995)
Net cash flows (used in) / from operating activities		(1,646)	4,637
Cash flows from investing activities			
Purchase of business, net of cash acquired		(4,380)	-
Proceeds from sale of property, plant and equipment		846	12
Purchase of property, plant and equipment		(2,794)	(2,110)
Net cash flows used in investing activities		(6,328)	(2,098)
Cash flows from financing activities			
Repayment of finance lease principal		(333)	-
Proceeds of borrowings		11,412	-
Payment of dividends	5	(1,427)	(2,232)
Net cash flows (used in) / from financing activities		9,652	(2,232)
Net increase in cash and cash equivalents		1,678	307
Cash and cash equivalents at beginning of period		(3,173)	37
Cash and cash equivalents at end of period	7	(1,495)	344

Colorpak Limited
Statement of Changes in Equity
for the half-year ended 31 December 2011

	Attributable to equity holders of the Company				
	Issued capital \$000	Retained earnings \$000	Cash flow hedge reserve \$000	FX translation reserve \$000	Total equity \$000
At 1 July 2011	39,484	34,220	(337)	(92)	73,275
Profit for the period	-	(2,230)	-	-	(2,230)
Other comprehensive	-	-	(214)	36	(178)
Total comprehensive (loss) / income for the period	-	(2,230)	(214)	36	(2,408)
Transactions with owners in their capacity as owners:					
Equity dividends	-	(1,427)	-	-	(1,427)
At 31 December 2011	39,484	30,563	(551)	(56)	69,440

At 1 July 2010	39,214	21,794	(559)	-	60,449
Profit for the period	-	2,810	-	-	2,810
Other comprehensive	-	-	135	-	135
Total comprehensive income for the period	-	2,810	135	-	2,945
Transactions with owners in their capacity as owners:					
Equity dividends	-	(2,232)	-	-	(2,232)
At 31 December 2010	39,214	22,372	(424)	-	61,162

	Notes	2011 \$000	2010 \$000
Dividends per share (cents per share)	5	1.75	2.75

Colorpak Limited
Notes to the half-year Financial Statements
31 December 2011

1. Corporate Information

The condensed financial report of Colorpak Limited (the company) for the half-year ended 31 December 2011 was authorised for issue in accordance with a resolution of the directors on 24 February 2012.

Colorpak Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

The nature of the operations and principal activities of the company are described in note 3.

2. Summary of significant accounting policies

Basis of preparation

This general purpose condensed financial report has been prepared in accordance with AASB 134 "Interim Financial Reporting" and the Corporations Act 2001.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the company as the full financial report.

It is recommended that the half-year financial report should be read in conjunction with the annual financial report for the year ended 30 June 2011 and considered together with any public announcements made by Colorpak Limited during the half-year ended 31 December 2011 in accordance with the continuous disclosure obligations arising under the ASX Listing Rules.

Apart from the changes in accounting policy noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

Changes in accounting policy

The following amending Standards have been adopted from 1 July 2011. Adoption of these Standards did not have any effect on the financial position or performance of the Company.

Reference	Title	Summary	Impact on financial report
AASB 2010-4	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13]	These amendments result from proposals that were included in Exposure Draft ED 188 Improvements to IFRSs published in September 2009 and in ED 185 Rate-regulated Activities published in July 2009, and follow the issuance of the IASB Standard Improvements to IFRSs in May 2010. The amendment resulting from ED 185 provides only an exemption in AASB 1 for first-time adopters with operations subject to rate regulation. The annual improvements project provides a vehicle for making non-urgent but necessary amendments to Standards.	This standard has no applicability as the company is not impacted by rate regulation.

Colorpak Limited
Notes to the half-year condensed Financial Statements
31 December 2011

Reference	Title	Summary	Impact on financial report
AASB 2010-2	Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements	This Standard gives effect to Australian Accounting Standards – Reduced Disclosure Requirements. AASB 1053 provides further information regarding the differential reporting framework and the two tiers of reporting requirements for preparing general purpose financial statements.	This standard has no applicability as the company is not subject to reduced disclosure requirements.
AASB 2009-14	Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement.	The objective of this Standard is to make amendments to Interpretation 14 AASB 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction as a consequence of the issuance of Prepayments of a Minimum Funding Requirement (Amendments to IFRIC 14) by the International Accounting Standards Board in November 2009	This standard has no applicability as the company does not operate a defined benefit plan.
AASB 2009-12	Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	All the other amendments principally arise from editorial corrections made by the IASB to its Standards and Interpretations (IFRSs) and by the AASB to its pronouncements.	Minimal impact.

The company has not elected to early adopt any other new Standards or amendments that are issued but not yet effective.

3. Segment Information

The group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources. The accounting policies used in the preparation of the information used by the CODM are aligned to those which are presented in this report. As there are minimal differences, no further disclosures are deemed necessary.

The company operates in Australia and New Zealand under a single reportable operating segment. The reporting segment is based on the operating segment which was determined by the similarity of the products produced and sold and/or the services provided, as these are the sources of the group's major risks and have the most effect on the rates of return.

Types of products and services

The major product/services from which the group derived revenue during the period was the structural design and production of folding cartons, paper cups and lids, printed leaflets, blister and lidding foils, self-adhesive labels and laminates, point of sale displays and other paperboard packaging products.

Colopak Limited
Notes to the half-year condensed Financial Statements
31 December 2011

3. Segment Information (continued)

Accounting policies and inter-segment transactions

The accounting policies used by the group in reporting segments internally are the same as those contained in the prior period.

Segment loans are initially recognised at the consideration received excluding transaction costs. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates.

It is the group's policy that if items of revenue and expense are not allocated to operating segments then any associated assets and liabilities are also not allocated to segments. This is to avoid asymmetrical allocations within segments which management believe would be inconsistent.

Major customers

The group has a single customer that contributes external revenues in excess of 10% of the group's revenues (being 15%). In 2010 there were two customers above 10%, aggregating to 31% of external revenues.

Geographic spread

	Australia \$000	New Zealand \$000	Total \$000
Revenues	91,045	15,085	106,130
Net profit for the period	(2,703)	473	(2,230)
Total Assets	144,603	12,984	157,587

The group's activities were conducted exclusively in Australia during the half year to 31 December 2010.

2011 \$000	2010 \$000
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4. Revenue and Expenses

(a) Specific Items

Profit before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the financial performance of the company:

(i) Revenue

Sale of goods and services	104,100	43,491
Interest from unrelated persons	29	19
Onerous contracts	1,171	-
Other revenue	830	409
	106,130	43,919

Colorpak Limited
Notes to the half-year condensed Financial Statements
31 December 2011

	2011 \$000	2010 \$000
4. Revenue and Expenses (continued)		
(ii) Expenses		
Finance costs		
Interest paid or payable to unrelated persons	1,573	1,139
Finance charges payable under finance leases and hire purchase contracts	165	-
Total finance costs expensed	1,738	1,139

The following costs are recorded on the face of the Statement of Comprehensive Income as IFRS related costs and have been separately disclosed because they are non-recurring and without separate disclosure, would result in a misleading understanding by the users of the half year financial statements:

Restructuring and integration costs		
Redundancies	6,656	-
Premises provisions	1,823	-
Moving costs	659	-
Equipment and inventory provisions	172	-
Integration costs	451	397
Total restructuring and integration costs	9,761	397
Business combination costs		
Computer set-up	113	-
Rebranding	73	-
Legal	-	296
Accounting and Tax	-	204
Adviser Fees	-	496
Other	25	-
Total business combination costs	211	996

(b) Seasonality of Operations

The company experiences some seasonality in relation to demand for its product, with sales in the 1st half typically around 55% of annual sales.

Colorpak Limited
Notes to the half-year condensed Financial Statements
31 December 2011

	2011 \$000	2010 \$000
5. Dividends Paid and Proposed		
Equity dividends on ordinary shares:		
(a) Dividends declared and paid during the half-year		
Final franked dividend for financial year 30 June 2011: 1.75 cents (2010: 1.75 cents)	1,427	1,350
Special franked dividend for financial year 30 June 2011: nil cents (2010: 1.00)	-	882
(b) Dividends proposed and not yet recognised as a liability		
Interim franked dividend for financial year 30 June 2012: 1.50 cents (2011: 1.50 cents)	1,223	1,217
	2,650	3,449

6. Cash Flow Hedge Reserve

The company has entered into interest rate swap contracts under which it has a right to receive interest at variable rates and to pay interest at fixed rates. Swaps which are in place cover approximately 60% of the principal outstanding and are timed to expire at selected dates over the next 3 ½ years, with the earliest expiry being June 2012. The fixed interest rates range between 4.8% and 7.6% and the comparable variable rate based on the 90 day bank bill rate at balance date was 4.53% (June 2011: 4.96%). These interest rate swaps have been designated into cash flow hedges.

7. Reconciliation of Cash

For the purposes of the Cash Flow Statement, cash and cash equivalents comprised the following at 31 December:

Cash at bank and in hand	5	3
Cash at bank / (Bank overdraft)	(1,500)	341
	(1,495)	344

Colorpak Limited
Notes to the half-year condensed Financial Statements
31 December 2011

	2011 \$000	2010 \$000
8. Expenditure Commitments		
Estimated capital expenditure contracted for at reporting date, but not provided for:	-	1,568

9. Contingent Assets and Liabilities

Since the last annual reporting date, there has been no material change of any contingent liabilities or contingent assets.

10. Events after the Balance Sheet Date

Since 31 December 2011 the following events have occurred:

- the directors have declared an interim ordinary dividend of 1.50 cents per share (fully franked) to be paid on 2 April 2012. The total value of this dividend is \$1,223,000.

The financial effect of the dividend have not been brought to account for the half-year ended 31 December 2011 and will be recognised in the subsequent financial period.

Colorpak Limited Director's Declaration

In accordance with a resolution of the directors of Colorpak Limited, we state that:

In the opinion of the directors:

- (a) the financial statements and notes of the company are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



G.L. Willis
Chairman



A. Commins
Managing Director

Braeside
24 February 2012

To the members of Colorpak Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Colorpak Limited, which comprises the statement of financial position as at 31 December 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end.

Directors' Responsibility for the half year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Colorpak Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

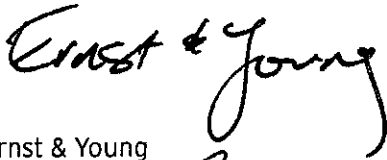
Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

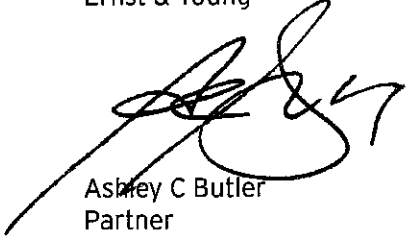
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Colorpak Limited is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Ernst & Young



Ashley C Butler
Partner
Melbourne
24 February 2012